

WellPoint Query Responses

Topic/Question	WellPoint's Intent
Provider Supply- <i>Does WellPoint plan to reduce the size of CareFirst's physician or hospital networks?</i>	<ul style="list-style-type: none">No. WellPoint's Mission statement is: "The WellPoint companies provide health security by offering a choice of quality branded health and related financial services designed to meet the changing expectations of individuals, families and their sponsors throughout a lifelong relationship." As part of offering customer choice, WellPoint has traditionally developed and maintained broad-based physician and hospital networks. WellPoint's experience in California and most recently in Georgia following our merger with Cerulean in March 2001 demonstrates WellPoint's commitment to offering consumers choice in the selection of health care professionals. It is possible that in the future, in order to meet consumer needs for affordable health care coverage, it will be necessary to offer multiple networks in certain locations and to have varying deductibles and coinsurance levels for providers, based on the provider charges. However, such decisions would be made based on the perceived needs and dynamics of the local marketplace.
Medical Management- <i>Does WellPoint intend to modify medical management policies and processes in a way that would adversely impact availability, accessibility or affordability of health care services?</i>	<ul style="list-style-type: none">No. As stated in the response to the previous question, WellPoint's goal is to offer consumers choice. WellPoint believes that one of the keys to its past and future success is its ability to introduce products that improve accessibility and affordability, especially for individuals and small employer groups. We do not intend to modify medical management policies and processes in any way that would adversely impact availability, accessibility or affordability of health care services. Of course, WellPoint complies with applicable state laws and regulations regarding medical management. In addition, WellPoint believes that it can provide benefits to affected members through its medical management programs. Certain of WellPoint's disease management programs, such as its congestive heart failure, diabetes and asthma programs, have resulted in documented improvements in member health status and quality of life.

Source: WellPoint

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WellPoint Query Responses (continued)

Topic/Question	WellPoint's Intent
Operations- <i>Does WellPoint intend to reduce service levels in CareFirst's jurisdictions?</i>	<ul style="list-style-type: none"> No. One of WellPoint's internally set goals is to use innovation and service to increase customer value. WellPoint believes that this is essential to its success because the company operates in a competitive environment in which its customers have many different options about where to purchase health care coverage. WellPoint has been able to successfully differentiate itself from its competitors by constantly striving to improve customer value through the use of innovation and service.
Pricing- <i>Does WellPoint plan to raise prices in CareFirst's jurisdictions?</i>	<ul style="list-style-type: none"> There will be no increase in premium rates as a result of this merger. Any increases or decreases in premium rates following the merger will be made in the same manner as those occurring prior to the merger- they will be made by local market managers after taking account of all relevant factors including increases in health care costs.
Reserves- <i>Does WellPoint plan to take reserves out of CareFirst's jurisdictions?</i>	<ul style="list-style-type: none"> Over time, the operating results of CareFirst's various operating subsidiaries may allow for the declaration of dividends to the parent company. However, this will be done in conformance with all applicable laws and regulations. In addition, CareFirst's primary operating subsidiaries will need to remain in compliance with the Blue Cross Blue Shield Association's capital standards, which are in many instances more stringent than state insurance company requirements.


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Source: WellPoint

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A-IV Impacts on Availability, Accessibility & Affordability

- A. Business Performance & Financials
- B. Competition
- C. Availability and Accessibility
- D. Health Management Factors in Policy
- E. Operations
- F. Providers
- G. Pricing
- H. Governance

 I. **Regulation- No Additional Slides**



A-I Company Background

A-II Financial Information

A-III Health Care Industry Context

A-IV Impacts on Availability, Accessibility & Affordability

A-V Data Sources, Assumptions and Methodologies

Appendix A-V. Data Sources, Assumptions and Methodologies

Purpose of this Section

This appendix section provides additional data for the Findings Section from the Community Impact Analysis (V. Impacts on Availability, Accessibility and Affordability). It includes:

- **Sources** – Sources for data, quotes, and other facts are cited.
- **Assumptions** – Any assumptions used when gathering or processing data.
- **Methodologies** – The approach used when processing data and driving findings.

Organization of this Section

This appendix is organized in the following sections:

- A. Business Purpose and Foundations
- B. Competition
- C. Availability and Accessibility of Doctors and Hospitals
- D. Medical Management Policies and Practices
- E. Operations
- F. Products
- G. Pricing
- H. Governance
- I. Regulation

Linking this section with section V. of the Community Impact Analysis

The reader can cross reference the Community Impact Analysis by noting the superscript indices. For example this sentence from the community Impact Analysis:

"On a per capita basis, the PBO foundations, considered together across Maryland, Delaware and Washington, D.C. would be the largest ever created, based on the conversion of a Blues plan, in any state^{A.7}" ...

...references item A.7 in this Appendix.

A. Business Purpose and Foundations

Index	Data Reference	Sources, Assumptions, Methodologies
A.1	<ul style="list-style-type: none"> Non-profit plans in Washington, D.C. are required to offer Open Enrollment 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> West Group (dcode.westgroup.com), <i>District of Columbia Official Code §31-3514</i>, 2001 Edition
A.2	<ul style="list-style-type: none"> CareFirst Open Enrollment Membership in the District of Columbia 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> CareFirst, enrollment data, December 2001 Methodologies: <ul style="list-style-type: none"> Open enrollment number given represents the number of members enrolled in open enrollment products in Washington, D.C. only
A.3	<ul style="list-style-type: none"> CareFirst's exit from Medicare+Choice and Medicaid Risk 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> Accenture, interview with CareFirst executives, January 2002
A.4	<ul style="list-style-type: none"> Health Plans exiting Medicare and Medicaid 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> Center for Health Care Strategies, Inc., <i>Transitioning Clients When Plans Exit Medicaid Managed Care Programs</i>, March 2001 Managed Care On-Line (MCOL), <i>Medicare+Choice Plan Withdrawals</i>, July 25, 2000
A.5	<ul style="list-style-type: none"> In Maryland, the Health care Foundation is statutorily created 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> Maryland General Assembly website (mlis.state.md.us), <i>Insurance code</i>, 2001 Methodologies: <ul style="list-style-type: none"> §6.5-301 States: <ul style="list-style-type: none"> (a) The appropriate regulating entity shall approve an acquisition unless it finds the acquisition is not in the public interest. (b) An acquisition is not in the public interest unless appropriate steps have been taken to: (1) ensure that the value of public or charitable assets is safeguarded; (2) ensure that: (i) the fair value of the public or charitable assets of a nonprofit health service plan or a health maintenance organization will be distributed to the Maryland Health Care Foundation that was established in §20-502 of the Health- General Article... §20-502 States: <ul style="list-style-type: none"> There is a nonprofit Maryland Health Care Foundation established to promote public awareness of the need to provide more timely and cost-effective care for Marylanders without health insurance and to receive moneys that can be used to provide financial support to programs that expand access to health care services for uninsured Marylanders.
A.6	<ul style="list-style-type: none"> Missions of Foundations Created from BCBS Conversions, possible mission of D.C. and DE foundations 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> Grant Makers in Health, <i>A Profile of New Health Foundations</i>, March 2001 Health Plan press releases Community Catalyst website The Foundation Center website Individual foundation websites Assumptions: <ul style="list-style-type: none"> Foundations created from the conversion of BCBS plans followed the <i>cy pres</i> doctrine, since all foundations resulting from converting Blues plans to date have health care as their sole mission. This is true even in states that lacked legislative requirements which dictated that foundation money must be spent on health care. Grantmakers in Health describes the concept of the <i>cy pres</i> doctrine as follows: <ul style="list-style-type: none"> "This trend [the transfer of assets from a non-profit foundation to another type of health organization] is supported by the <i>cy pres</i> doctrine, which supports an application of the assets to a mission as close as possible to that of the original nonprofit organization."
A.7	<ul style="list-style-type: none"> Per Capita Analysis of Foundations Created by the 	<ul style="list-style-type: none"> Sources: <ul style="list-style-type: none"> Grant Makers in Health, <i>A Profile of New Health Foundations</i>, March 2001

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